p 60E

App. F. IX-4

Previous References

1936 .S 7

File No. 11-36

Serial Nos. 69, 266, 273

Letter References

PRESERVED

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. ~~7 to~~ Rive

Part B for Jurisdiction

SUBJECT. Chapter IX of the Report

Regulative ~~Relative~~ functions of Co-operative Societies

D 9339-41 9 17-6-38

M Regr. C.S ii Regr. J.S.

dir. P. Instructions

WD 0295—GPB—22,500—13-8-37

Passes Order on the ——

R. S. APP. F. III—1]

4802-36

GENERAL AND REVENUE SECRETARIAT.

(61)

JAD [illegible]
26 MAY 1938
No. 9101

NOTES.

File No. 11-36

FILE HEADING

Recommendations of the Committee on Cooperation in Mysore

FROM

The Registrar of Cooperative Societies in Mysore

No. 7204 Dated 3/3/37 Received 4/3/37

Diary No. 4802 | Enclos. five Spare copies — | Serial No. 69

BRIEF ABSTRACT OF LETTER

Forwards his opinion on the recommendations of the Committee made in Chapter IX of their Report

NOTES AND ORDERS.

Flag V

A copy of the tentative decisions arrived at on the several recommendations made by the Committee is placed below for perusal

A draft G.O on the lines of the decisions arrived at is also placed below

17/5/38

18/5

Secy (A & C)

22.5

Notes—First Sheet

Please put up for draft as corrected by Committee

(11 members)

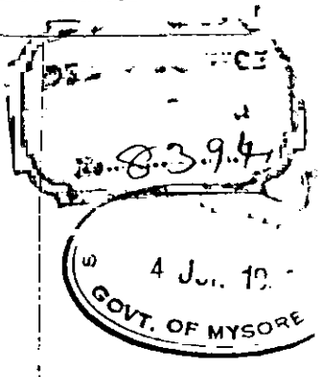
29/5/38

WD 0283—GRB—3,750—25-1-38

Le 802/36

Biography IX

C S File No. 11 of 1936. General and Revenue Secretariat



Typing Section for kindly putting up a fair draft in half margin

31/5/38

Sd/- [illegible]

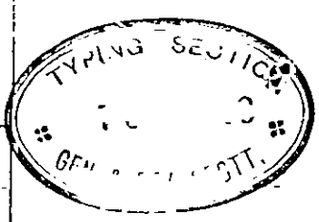
Sealed with a fair draft.

[illegible] 3/6

KS 3/6.

Secy. to G.S.)

A.O. on chapter IX of the Report of the Committee on Co-operation is submitted for perusal before the



Dewan

4 6 1938

KS 4/6

JRS

4-6-38

Sd/- [illegible]

2638

=6

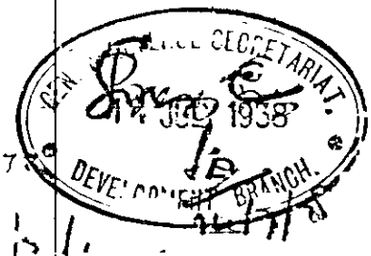
KS 6-6-38.

D 9339-41 dy 7.6.38 to the Registrar C.S. 266

Registrar to Govt. D.P.I. Passes orders on the regulative functions of C.S.

Ref. D 117 dy 7.7.38 of Dr. K.G. Chandrasekara Iyer 27

Encl. Copy of G.O. dy 17.6.38 for information



GOVERNMENT OF MYSORE

Vo. 7204 C.S Encl #5

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,

Telegraphic Address: "CO-OPERT" BANGALORE

C.S. 11-36-69 *Dated, Bangalore* 3rd March 1937.

From

GULAM MOHIYUDDIN MEHKRI, ESQ., B.A., LL.B.,
Registrar of Co-operative Societies in Mysore, Bangalore.

4832
4 MAR 1937
DEVELOPMENT BRANCH.

To

M.Venkatesa Iyengar,Esq.,M.A.,
General Secretary to the Government
of Mysore, B a n g a l o r e.

Sir,

In continuation of my letter No.6931 dated 22nd February 1937, I have the honour to forward, herewith, for orders of Government, my views on the recommendations made by the Mysore Co-operative Enquiry Committee - 1936,in Chapter IX of their Report.

I have the honour to be,
Sir,
Your most obedient servant,

M. G. M.
Registrar.
4/3/37

L.S.2/37 GENERAL SECRETARY. 4 MAR 1937

No.of Chapter.	Reference to page of the Report.	Subject matter in brief.	Action taken or proposed to be taken.
1	2	3	4
IX	155	Form of Audit Report. A form of audit report should be prescribed, both for the departmental Inspector-Auditors and for the non-departmental certified auditors. The form prescribed should indicate the points on which enquiry should be made and the details to be furnis[illegible]	An Audit Form which is exhaustive and provides for the sort of scrutiny recommended by the Committee has been prescribed for the use of Departmental Inspectors and the same with slight modifications could be utilised by certified Auditors also. A copy of the Audit Memo form is enclosed for the information of Government.
do.	155	Publication of Audit Reports. Audit notes should not be treated as confidential. The auditor's report should be included in the annual report and placed before the general meeting. Central financing institutions should receive free of charge copies of audit reports of all societies indebted to them. They should also have facilities for making such further enquiry as they may consider necessary to safeguard their own financial interests.	The Department has also held that Audit Reports should have the widest publicity and it has been the practice in all rural societies and in very many urban societies to publish them along with the Committee's Annual Reports with explanations of the Directors to the Audit Objections. It is only in certain big institutions, that the Committees have felt that the whole of the Audit Report should not be disclosed. I do not think their opinion is safe either in the interest of the institution or the public. It will be insisted that the copy of the Audit Report shall be laid on the table for the information of all members and depositors even in the case of such societies though they may not print them along with their annual reports. A Circular is issued to all indebted

1.	2.	3	4

IX 155 Half-yearly audits.

To avoid delay in departmental audit reports, audit should be divided into two parts, preliminary and final; and societies must be visited for preliminary and final audit at intervals of six months.

In urban societies with large transactions the reports of auditors may with advantage be prepared once every half year and considered at general meetings held every half year. This will also allow of annual meetings being held much earlier than at present.

indebted societies in consonance with the Committee's recommendation to send their Annual Reports to the Central Financing Institutions from -- which they have borrowed. (Copy of the Circular enclosed).

The Committee have suggested half-yearly audit of societies and holding of general meetings every six months.

With regard to Audit, the Department has felt that the audit should not be delayed even for six months and the accounts should be audited from time to time. Accordingly it has instructed its Inspectors and the Certified Auditors to make periodical audit of accounts from the time of their last visit to the date of their next visit which would generally mean the audit of accounts once in four months at the longest by the - Inspectors. Apart from these, an internal audit by members of societies appointed for the purpose is also being insisted upon in all societies, such audits being monthly.

With regard to the holding of meetings the byelaws of every society provide for it and some few societies have been holding half-yearly meetings. The only objection to it is the question of cost.

1	2	3	4

There is a real necessity for the establishment of a Central Co-operative School at Bangalore. Its control must necessarily vest in Government, but may be exercised through the agency of a small Committee nominated by Government and including non-official representatives of the Co-operative movement as well as the heads of the Departments of Finance, Agriculture, Industries and Co-operation. Detailed suggestions are made regarding courses, subjects of study, examinations, appointment of qualified persons, etc. Occasional classes for short periods may be held in District headquarters and in Normal Schools.

The cost of the Central Co-operative School and of the occasional classes will have to be met partly (and in the earlier

DO. 157 Concurrent internal Audit.

Over and above the audit made by the departmental staff [illegible] auditor every society large or small should

[illegible] University curriculum. Co-operative Law, Finance and Practice [illegible] books in Middle Schools. The subject should have a more prominent place in the teaching of Economics in Colleges as well as in the

do. 157. Audit Unions.

A scheme for the formation of Audit Unions,—while it may make for uniformity in the system of audit and provide for co-ordination of the closely allied functions of audit and supervision—is not at present practicable in the absence of a strong and efficient co-ordinating Institute at the centre.

do. 160 Formation of local associations.

A scheme of non-official supervision is more likely to succeed if associated with the work of propaganda and advice than if it were based on the idea of superior status and outside control. In order to achieve this object, it is recommended that active steps be taken to form local associations representative of the co-operative societies in every District. If the Provincial Co-operative Institute is reconstituted and placed on an efficient footing, these local associations may well function as branches of the Institute.

The recommendation of the Committee in respect of the Audit Agency to be employed for auditing the annual accounts of societies is in conformity with the views held by the Department. The scale of fees may be fixed as recommended by the Committee. (Vide this office letter No. 7201 dated 3.3.37.)

This is being suggested to all societies and some of them are electing internal Auditors now. A few societies which can afford it, have also appointed/Auditors, to check the accounts daily. Staff

In view of the scheme proposed to have the audit of accounts done either by the Departmental Inspectors or by a panel of certified Auditors selected by the Registrar, I do not think there is need for the formation of Audit Unions till at least the working of the Co-operative Institute is put on an efficient basis.

The system of having a few selected non-officials as Honorary Organizers to do propaganda work and supervise the working of societies was tried for a few years in the past, Government bearing the cost of their daily allowance. The scheme proved a failure, as suitable, honest men were not found. A few

1	2	3	4
IX	161	Inspection.	It is in the interests of sound management to have the constitution, working and financial condition of societies thoroughly overhauled at regular intervals of not less than five years. It is particularly desirable that a periodical inspection of each Central financing bank should be made by the Registrar.
do.	161-163.	Precautionary methods	The adoption of various precautionary measures against frauds and irregularities in societies is suggested.

few Supervisors, have however been appointed who are mostly employed on settling time-barred disputes, referred to them for arbitration or to liquidate bad societies.

Every Inspector is expected to inspect and audit the accounts of the societies in his Circle once a quarter and this is being done in the case of most of the working societies. The Registrar and the Deputy Registrar inspect once a year the Central Financing Institutions. The Financing Bank Inspectors also inspect and report to their Banks, the results of their inspections of some of the indebted societies.

(i) Custody of Cash:- The subsidiary rules of all societies provide for the limit of cash to be kept with the Secretary and the Treasurer. It is not possible to demand securities from Honorary Secretaries of rural societies but in many of the urban societies, such securities are taken from their paid Staff.

(ii) Verification of Cash Balance:- This is being done, at the Committee meetings by the Directors and in important urban societies daily. Instructions have been given at the time of inspections to this

1	2	3	4
			this effect. In the Model Agenda this is shown as an item of work.
IX.	161-163		(iii) Current transactions:- This is being done in all societies. In only a few societies, the withdrawals are signed both by the President and the Secretary.
			(iv) Dealings with Members' Account:- This is being obtained once a year by a majority of societies by sending a statement of accounts of each member along with the Annual Report and the Balance Sheet. Production of pass books, where issued is insisted upon. Cheque system is introduced in a few important societies.
			(v) Internal & External Audit:- Some important societies have appointed Staff Auditors to check their accounts daily. In smaller societies, an internal Auditor is appointed by the General Body to periodically audit the society's accounts. It has been suggested to all societies to appoint internal Auditors both at the time of inspections and general meetings. The difficulty of finding suitable men, in rural areas is great.
			(vi) Enforcement of responsibility:- A Rule has been passed in Madras

1	2	3	4

Madras holding the Committee or the Office-bearers responsible for all defalcations and losses traceable to their negligence or indifference. This rule has been severely criticised by a few. It is thought by some that such a rule, would drive away the few respectable men, interested in the Movement, from the field of Co-operation, I have no such fear and I think it quite necessary to amend the Regulation on the lines of Madras, holding the Committee and past office-bearers for all losses, due to their wilful neglect. (vide this office letter No. 7202 /C.S. dated 3.3.37.)

4801
Amendment of Law 43(A)

X. 163 Co-operative Education Training.

Any serious attempt at the improvement of co-operative ;ties must include a proper organization for giving suitable ;raining, as well to the office-bearers of societies, as to the Inspectors, Auditors and Assistant Registrars of the Co-operative Department. The present arrangements for instruction and raining are inadequate.

Refresher Courses were arranged two years ago for the benefit of the Inspectors, Auditors and others interested in Co-operation at District Head Quarters. It is proposed to hold such Refresher Courses for the Inspectors chiefly by the Assistant Registrars at each District Head-quarters for about a week and for others that may care to attend. Training Classes for longer periods ranging from 6 weeks to 2 months are being held regularly every year for imparting training to people. These classes have been popular and are being attended by

1	2	3	4

by about 50 students, including a few ladies. As the funds at the disposal of the Institute are inadequate, Government have been - pleased to grant a subvention with which a few stipends are being given to very poor candidates from the mofussils attending the - training classes. The success of the classes is in a large measure due to the hearty co-operation of the Honorary Lecturers.

The Mysore Federal Union too has organized a course of training this year for the employees in all co-operative institutions in the Mysore City.

IX. 164 Need for a Central School.

As pointed out by the Committee there is need for the establishment of a Central Co-operative School at Bangalore at least for some years to come. I have dealt at length, on the subject in my letter No. 7200 /C.S. dated 3.3.37 .

do. 166 Introduction of Co-operation as a subject for study in High Schools.

This subject was discussed in the last Registrars' Conference in Delhi and it was resolved that if the University authorities - approve, Co-operation may be introduced as one of the subjects in the degree course as part of Economics study. As regards the High

1	2	3	4
		Co-operation may be dealt with as part of Civics in High Schools, and lessons illustrative of its benefits included in the text books in Middle Schools. The subject should have a more prominent place in the teaching of Economics in Colleges as well as in the University curriculum. Co-operative Law, Finance and Practice should be included among the subjects for Local Service and Pleaders' Examinations, and an examination in that subject made compulsory for certified auditors.	
IX.	165	Employment of passed candidates.	High Schools, Coperation may be made a subject for study. Copies of references made to the Registrar of the University and the Director of Public Instruction in the matter are enclosed herewith for perusal. The employment of only such persons, who hold Certificates and Diplomas in the Department or in the paid Staff of registered societies is a very desirable one. Neither Government nor the Department can enforce this healthy rule in the case of employees of co-operative societies. When a School is established, a Circular will be issued to all societies to employ them in preference to others.

M. S. [illegible]
Registrar.

L.S.2/3.

Questions that need not be answered by Certified Auditors in the Audit Memo Form prescribed by the Department.

==========

2, 3, 4 and 4 A. in Section I under Organization.

8, 9 and 10 in Section II under Membership.

(Omit "Each year during the last 3 years" in No.1, and "during the last 3 years and villagewar" in No.3.).

5, 6, 7 and 14 in Section III A under Capital.

2, 5, 9 and second part of 10 in Section III B under Deposits.

5, 10, 15 and second part of 19 in Section III D under Borrowings.

2 d,e,f,g,h in Section IV under Transactions.

2, 4 and 5 under Sanctioned Loans (page 10).

1, 2 and 3 in Section VI under (Establishment) and Contingent Charges.

2, 4, 5, 6, 7, 8, 11 and 14 in Section VII under General.

Statements Nos.I, II and III are only indicative and the Certified Auditors can follow their own Forms. Schedules B. C. and E.should be answered by the Certified Auditors and the others may be omitted by them.

==========

L.S.3/3.

DEPARTMENT OF CO-OPERATION.

AUDIT REPORT FOR THE YEAR 193 —193 .

Name and designation of the officer or person who last audited the accounts of the Society, and the period covered by such audit, and the date of such audit.

Name and designation of the officer or person conducting the present audit and the date or dates of audit.

I. Organisation.

1. Name of the Society. Brief History.

2. Registered Number and date of Registration.

3. Date on which the Society actually started work.

4. Jurisdiction of the Society and membership.

Serial No.	Name of village	Population of village at the last Census	Number of members drawn from each village	Number of borrowers from each village	Remarks

4-A. Number of members belonging to the Depressed Classes.

II. Membership.

1. Number of members on the 30th June each year during the last three years.

2. Of the members on the rolls, how many ineligible to be continued as members on account of—

   (*a*) Death ;

   (*b*) Leaving the jurisdiction ; and

   (*c*) Other causes.

3. Number of admissions and removals during the last three years (village-war).

4. Whether the accounts of deceased members and others ineligible to continue as members have been closed ?

   How many pending and from what dates ?

5. Whether the register of members is properly maintained and posted up-to-date correctly ?

6. Are all applications for admissions, and removals or resignations, disposed of by the Committee in accordance with the bye-laws ? Note deviations, if any.

   Are there any admissions against the bye-laws, of persons or corporate bodies ineligible to become members ?

   Are the dates of admission and cessation duly noted in the Members Register ?

   Whether admission fee has been recovered from all persons admitted to membership ?

8. Have signatures been taken, or thumb impressions of members in the register duly attested ?

9. Have the names of nominees been duly entered in the register with their addresses ?

Are the names written up by the members themselves ?

In the case of illiterate members, the names of nominees should be attested by the Secretary or a Director of the Society. Has this been done ?

10. Have any substantial members withdrawn from the Society ?

III. Capital.

(*a*) *Shares.*—

1. What is the authorised share capital ?

2. What is the subscribed share capital ?

3. What is the paid-up share capital ?

4. What is the maximum number of shares that a member can take ?

5. How many have taken the maximum number of shares ?

   Is there any, and if so, how many instances in which the maximum is exceeded ?

6. If maximum limit is not taken by any, what is the highest number actually taken ?

7. How is the share amount collected ?

8. What is the amount of share calls in default, and by how many ?

   How many committee members are in default, and what is the amount overdue from them ?

9. What is the provision in the bye-laws or subsidiary rules for recovery of share calls in default ?

10. What is the action taken in these cases of default ?

11. Have share fees been properly recovered on all shares allotted ?

12. What is the period within which share amounts are not refundable according to the bye-laws ?

13. Have any refunds or adjustments been made against the bye-laws ? What are the reasons for the same, and are such reasons satisfactory ?

14. Are there cases of non-refund of share amount when demanded? State reasons for the non-refund?

(*b*) *Deposits.*—

1. What is the total borrowing limit of the Society?

2. What is the number of accounts under:—

   (*a*) Fixed Deposit;

   (*b*) Current Deposit;

   (*c*) Savings Deposit.

   (Give a comparative statement for the last three years.)

3. Amount of deposits.

	Members' Accounts		Non-Members'Accounts	
	No.	Amount	No.	Amount
		Rs. a. p.		Rs. a. p.
(a) Fixed Deposits				
(b) Current Deposits				
(c) Savings Deposits				
Total ...				

4. What are the rates of interest on deposits?

5. What is the amount of deposits maturing within the next six months, of—

   (*a*) Members;

   (*b*) Non-Members.

6. Is a maturity register maintained?

7. Fluid Resources.

   What are the fluid resources?

   (*a*) Government Savings Bank Account: Rs .. ..

   (*b*) Current deposits in Postal Savings Bank and other Banks: Rs.....

(*c*) Cash on hand : Rs.....

(*d*) Undrawn portion of the cash credit sanctioned by the financing bank. Rs.....

8. Deposits by Institutions.—
Are there any deposits from institutions ?

Are resolutions of the managing bodies regarding persons authorised to operate on such accounts filed in the Society ? Is the mode of operation in accordance with this ?

9. Have the demands of the depositors been promptly met ?

How many cases are pending settlement and for what amount ? How long, and for what reasons ?

10. Is interest due, paid regularly on the due dates ?

Are there any cases of delay in payment of interest when demanded ?

11. Are the deposit ledgers maintained separately for F.D., C.D., and S.D. and posted up-to-date ?

12. Have pass books been issued to the depositors ?

(Call for some pass books and verify the entries. Mention the pass books so verified.)

13. Are acknowledgments of balances obtained and the accounts reconciled ?

(*c*) *Reserve Fund.*—

1. What is the Reserve Fund of the Society ? Rs .....

2. How is it invested ?

Place	Amount	Rate of Int.

3. Is the interest earned on the Reserve Fund investments added to the Reserve Fund ?

4. What amount out of the Reserve Fund has been utilised for current transactions, and how much utilised for (*a*) agricultural and (*b*) other purposes?

5. Has sanction of the Registrar been obtained for such utilisation of the Reserve Fund?

(*d*) *Borrowings.*—

Has the Society borrowed any sums from outside?

1. (Information to be furnished in Schedule A attached.)

2. Has the financing Bank issued a pass book?

3. Do the entries in the pass book tally with the entries in the Society's ledger?

(Note differences, if any, and what explanations are given therefor.)

4. Has the Society obtained proper receipts or duplicate chellans for all payments made to the Creditor Bank or Government?

(If for any payment, no receipt is forthcoming, ascertain the circumstances, and give particulars in detail.)

5. What is the number of members that have participated in the loan, and what is the highest amount of any individual loan?

6. How many directors have participated in the loan, and what is the amount taken by them?

7. Who supervised the loan distribution?

8. Is the distribution in accordance with the loan sanction order?

9. Have proper bonds been taken and got registered, and have they been sent to the Creditor Bank or to the Deputy Commissioner for safe custody?

Are copies of the documents available in the Society for reference?

10. Have prior encumbrances been redeemed and the discharged bonds sent to the Creditor Bank?

How many?

For what amount?

11. Have proper vouchers been taken and attested by the Officer supervising the loan distribution?

12. Are the properties mortgaged to the Society the same as those noted in the Property Register?

13. Are interest and instalments being regularly paid up by the members to the Society, and by the Society to the Creditor Bank?

14. If the borrowers have paid more than their annual instalments, have such sums been remitted to the Creditor Bank without being utilised by the Society for other purposes? Are there any cases of re-loanings out of recoveries?

15. What is the usual interval between recovery and remittance?

16. Is the interest of the Society in the mortgaged properties noted in the Special Notice Register and renewed once in five years? (Note the date of the last entry in the register.)

17. Is land revenue on the security properties being regularly paid by the borrowers? Have any amounts been paid by the Society or by the Creditor Bank? Has coercive action been taken in the latter cases?

18. How many disputes have been filed against the defaulting participants of the loan?

(Information to be furnished in Schedule B.)

19. How many decisions are pending execution and what is their value?

Where are they pending?

20. How many properties have been purchased in execution proceedings? (Informations to be Schedule C.)

21. Is the Register of disputes, decisions, and properties, properly written up?

22. In how many cases has possession been obtained, and what action has been taken with regard to the rest?

23. How many properties have been leased out? Are the lease amounts recovered punctually?

24. Have any arrangements been made to dispose of the properties?

25. What is the value of the securities and are they adequate?

(The Property Registers should be revised properly every year at a general body meeting.)

26. Other remarks, if any, relating to the loans granted out of the funds of the Creditor Bank.

IV. Transactions.

Sl. No.	Kinds of loan issued to members	Maximum period of repayment	Limit of loan under the bye-laws	Rate of interest
1				
2				
3				
4				
5				
6				
7				
8				

I. Is the Society issuing loans on pledges of articles?

Is a register of such articles maintained?

Are pawn tickets issued to borrowers, and is proper acquittance taken for their return?

What arrangements have been made for valuation, and safe-custody?

How are unredeemed articles disposed of?

I. Procedure for sanction of loans :--

(a) Are proper loan applications taken from each applicant?

(b) What is the amount which may be sanctioned by the Secretary without referring to the Committe?

(c) How are the applications for loans disposed of?

(d) Number of applications received during the period covered by the audit.

(e) Number disposed of.

(f) Number pending.

(g) Are applications disposed of in chronological order?

(h) What is the longest period of pendency and what are the reasons for pendency?

(i) When loans are sanctioned by circulation of applications, are they circulated among all the Directors, and their opinion obtained?

(j) Are such loans subsequently ratified at Committee Meetings?

(k) What action has been taken to recover loans not ratified by the Committee?

(l) Have any loans been issued in excess of the bye-law limit or otherwise? contrary to the bye-laws?

(Give number and amount, or a list.)

(m) What action has been taken to recover such irregular loans?

III. Sanctioned Loans.

Are sanctioned loans disbursed promptly?

2. Are there any sanctioned loans pending disbursement ?
Give details and reasons therefor.

3. In the case of mortgages, have the panchayetdars satisfied themselves that there are no prior encumbrances ;
and that the properties offered, form sufficient security ?

4. Are there any benami loans ?

5. Does the nominal borrower accept liability in all such cases ?

6. Are there any loans due from deceased borrowers ? If so, what action has been taken for their recovery from their heirs, or have the loans been transferred to them without impairing the securities ?

7. In the case of sureties who are dead, have fresh sureties been taken or action taken for recovery of the outstandings ?

8. Are there any loans which the Committee consider bad or doubtful ?

The list of loans outstanding should be examined and a certificate to the following effect should be obtained from the panchayetdars:—

"We declare that the outstandings are all good, and recoverable, except those mentioned in Schedule D."

(1) Cases irrecoverable and their amount, with details.

(2) Cases that are bad and doubtful and their amount with details.

(*Vide* Schedule D.)

9. Overdue Statement. (*Vide* Schedule E.)

10. Are there any time-barred loans ? Give a list.

11. Are bonds taken for all loans on properly stamped paper ?

12. Are proper vouchers taken for all loans issued and duly stamped ?

13. Are all mortgage bonds registered ?

14. List of overdue loans not sued or decreed. (*Vide* Schedule F.)

15. List of disputes filed. (*Vide* Schedule G.)

16. List of decisions. (*Vide* Schedule H.)

In the above lists names of directors may be marked.*

17. Are calculations of interest on loans correctly made? (10 per cent to be verified.)

18. Does the loans ledger show the date up to which interest has been realised in each case?

iv. Renewals.

1. What are the provisions in the bye-laws and subsidiary rules regarding renewal of loans?

2. Are renewal applications taken before granting renewals?

3. Has the sanction of the Committee been taken for granting renewals?

4. Are renewals frequent and are they in accordance with the rules?

5. In the case of surety loans, are renewals granted with the consent of the sureties?

Note cases of irregular grant of renewals.

v. Miscellaneous.

1. Are securities valued periodically, and their adequacy scrutinised by the Committee?

2. Are the loan ledgers posted up correctly and up-to-date?

3. Are any arrangements made for acknowledgment of ledger balances at the end of at least each year?

4. Is a register of assets and liabilities of members maintained in the prescribed form?

5. Are signatures of members taken or thumb impressions duly attested in token of acknowledgment?

N.B.—The auditor should read out the list of outstandings to as many members as possible and he should note whether they have been admitted as correct by the members. The serial numbers thus acknowledged should be noted.

If any one contests the same, the same should be made a note of and investigated, and the result f investigation also noted in the report. If for any reason the investigation could not be completed, i should be completed at the next visit, and the result reported.

(The idea underlying this is that the auditor should satisfy himself about the genuineness of the ans and that they are properly secured and recoverable.)

Each outstanding loans hould be verified with reference to the bond and a note to the effect that the loan has been so verified should be noted in the loan ledger.

For all documents lodged in the Apex Bank, or filed in courts, the Society should obtain proper receipts and the receipts should be verified by the auditor.

Explanation for missing bonds should be obtained and reported

6. In the case of court fee stamps affixed to plaints, have receipts therefor been obtained from the respective Offices ?

7. Have the provisions of the Limitation Regulation been adhered to in respect of part payments towards outstanding loans ?

(Note.—Part payments should be endorsed on bonds to save limitation.)

V. Cash Balance.

1. Who is the custodian of the cash ?

(*a*) according to the bye-laws, and subsidiary rules,

(*b*) actually.

2. Is the cash book closed on each day on which there are transactions ?

3. Is the balance written in figures and words, and signed by the Secretary or Treasurer, with the amounts in the custody of each being noted separately ?

4. (*a*) Was the cash balance verified by the Auditor as soon as he arrived in the village ?

(*b*) What is the cash balance and by whom was it produced ?

(*c*) Does the actual amount agree with the book balances ?

(*d*) What is the explanation for non-production of the cash balance, and what is the action taken for securing the balance ?

5. Is the cash balance checked and certified to at the monthly committee meetings ?

6. Are balances in excess of the bye-law limit kept ? Note periods.

7. (*a*) Is there loss of interest on any heavy balance unnecessarily kept on hand ?
   (*b*) Who is responsible for this ? Have the Committee considered it ?
8. Have there been any fictitious payments or *benami* loans to reduce cash balance ? Give details.

9 Have there been any unnecessary withdrawals of amounts from Banks ?

10. Have all withdrawals been duly entered in the cash book on the very day ?

VI. Establishment and Contingent Charges.

1. Does the Society maintain any establishment ? Give details.

2. What is the bonus or honorarium voted to the Secretary at the last general meeting ?

3. Has the same been duly sanctioned by the Assistant Registrar ?

4. Are the contingent charges reasonable ?

5. Has any item of expenditure been objected to by the Assistant Registrar ?

6. Have contingent charges received the sanction of the Directors ?

7. What is the total amount of establishment and contingent charges incurred during the year ?

Establishment charges .... Rs.

Contingent charges .... Rs.

8. Is it within the sanctioned budget ?

9. Is miscellaneous ledger as prescribed maintained ?

VII. General.

1. Have receipts in the prescribed form been given for every item of receipt? (Counterfoils should be carbon copies of the originals and double sided carbon paper should be used.)

2. Obtain a few receipts issued to parties and check with the originals, and note result.

3. Is each member supplied with a pass book containing all his transactions in the Society ?
(Send for some and scrutinise, and note the result : if discrepancies are noticed, investigate and give result.)

4. Are meetings of the Committee held regularly ?

5. How many meetings were held during the official year and what was the date of the last meeting ?

6. Are arrear lists scrutinised by the Committee at their meetings ?

7. Are annual general meetings held regularly ?

8. What was the date of last meeting and the year for which it was held ?

9. What was the appropriation of last year's profits as passed by the general body, and was this approved by the Assistant Registrar ?

10. Are monthly accounts, statements of loans sanctioned by circulation, and loans sanctioned by the Secretary within his powers, applications for admission, applications for renewals of loans, local auditors audit notes, considered at committee meetings ?

11. Are copies of meeting proceedings, and monthly accounts sent to the Assistant Registrar promptly ?

12. Have arrangements for internal continuous audit been made ?

13. Has external audit been held and by whom, and up to what date ?

14. Has the Society been inspected by the Assistant Registrar or the Registrar ?
What action was taken to rectify the defects observed during their inspections ?

15. State also any points not noted above and about which you think mention should be made.

16. (*a*) Is an investment register maintained properly ?
(*b*) Is interest on all investments drawn up-to-date and brought on the cash book ?

17. State whether the general working of the Society is satisfactory or not.

Points to be noted with reference to Stores Societies, and Credit Societies dealing in Agricultural Implements, Seeds, Manures, etc.

1. Is a stock register maintained and is it posted up-to-date ?

2. Is a purchase invoice book maintained ?
   Is every purchase supported by an invoice ?

3. Is a daily sales book properly posted ?
   Have daily totals been carried to the Stock Book ?

4. Are bill books for cash and credit properly kept ?

5. Are credit bills signed by parties or their authorised representatives ?

6. Is there any purchase Committee appointed ? Who makes the purchases ?

7. Are purchases made in accordance with the Committee's directions ?

8. What are the sources for the purchase of stock in respect of important commodities ?

9. Are there any arrangements for test check of stock ?
   Did the auditor make any test checks ? If so, with what result ?

10. (*a*) How is the selling price fixed and by whom ?
    (*b*) Is it on market rates or fixed profit basis irrespective of market rates ?

11. Is the sale price notified and the list put up in a prominent manner ?

12. Are the standard weights and measures adopted ?

13. What are the total purchases and sales during the year ?

Purchases.	*Sales.*
Cash Rs.	Cash Rs.
Credit ,,	Credit ,,
Total Rs.	Total Rs.

14. Is there any old stock remaining unsold from a long time ?

What is the value of the same as per last year's stock-taking list ?

15. What arrangements have been made for their disposal ?

16. What is the percentage of shortage in stock, and state whether it is reasonable ?

17. Is any discount allowed for cash sales ?

18. What are the profits realised ? Gross

What is the portion of such profits taken for payment of rebates ? Net

19. What are the terms of credit sales ?

20. Are recoveries satisfactory ?

21. Are personal ledgers posted up promptly ?

22. What is the limit of credit allowed ?

23. Is any penal interest charged on credit sales amounts not repaid in time ?

24. Has the Society purchased any implements for hiring ?

25. Are proper accounts maintained for the rents received ?

26. What is the amount due, and how much of it is collected ?

Give a *bakipatti*, with periods, stating the date from which the amounts are outstanding.

STATEMENT No. I.

Receipts and Disbursements.

Receipts	Rs.	a.	Rs.	a.
1. Share capital				
2. Deposits from—				
(*a*) Members—				
(i) Fixed deposits				
(ii) Provident deposits ...				
(iii) Savings deposits				
(iv) Current deposits				
(*b*) Non-members—				
(i) Fixed deposits				
(ii) Provident deposits				
(iii) Savings deposits				
(iv) Current deposits				
3. Borrowings from { Short term ... / Long term ...				
(*a*) Apex Bank				
(*b*) Government				
4. Loans repaid by members { Short term ... / Long term ...				
5. Interest—				
(i) on loans				
(ii) on investments				
6. Miscellaneous income—				
(i) Entrance fee				
(ii) Share fees				
(iii) Penal interest on share calls ...				
(iv) Penal interest on loans... ...				
(v) Dividend on shares—				
(*a*) Apex Bank—				
(*b*) L. M. Bank				
(*c*) Dt. Bank				
7. Suspense				
8. Investment withdrawn				
9. Miscellaneous items				
10. Total				
11. Opening balance				
12. Grand total				

Disbursements.

	Rs.	a.	Rs.	a.
1. Share Capital				
2. Deposits—				
(*a*) Members—				
(i) Fixed deposits				
(ii) Provident deposits				
(iii) Savings deposits				
(iv) Current do				
(*b*) Non-members—				
(i) Fixed deposits				
(ii) Provident deposits				
(iii) Savings do				
(iv) Current do				
3. (*a*) Apex Bank { Short term ...				
{ Long term ...				
(*b*) Government				
] ued { Short term ...				
{ Long term ...				
5. Interest paid—				
(*a*) on deposits				
(*b*) loans to Apex Bank				
(*c*) to Government				
(*d*) interest refunded for advance payments ...				
6. Payment out of profits of previous year—				
(i) Honorarium				
(ii) Dividend and bonus				
(iii) Charity fund				
7. Establishment and contingencies... ...				
8. Miscellaneous payments—				
(i) Penal interest paid or refunded ...				
(ii) Excess collections refunded ...				
9. Suspense				
10. Investments—				
(i) Furniture, etc., bought				
(ii) in lands and buildings				
11. Other items				
12. Total				
13. Closing balance				
14. Grand total				

STATEMENT No. I.

Balance Sheet and Liabilities.

Assets	At the end of the year	At the beginning of the year
	Rs. a. p.	Rs. a. p.
1. Cash—		
(1) On hand		
(2) In bank		
2. Investments—		
(1) Shares taken in the Apex Bank ...		
(2) Shares in other Co-operative institutions ...		
(3) Fixed deposits—		
(i) in the Banks and Government Securities. In the case of Government Securities face value and market value should be given.		
(ii) Other investments		
3. Loans due by members—		
Short term—		
(*a*) Considered good		
(*b*) Doubtful		
Long term—		
(*a*) Considered good		
(*b*) Doubtful		
4. Interest accrued—		
(*a*) Not overdue		
(*b*) Overdue		
5. Other items—		
(1) Value of furniture less depreciation ...		
(2) Value of society's building less depreciation ...		
(3) Value of immoveable properties purchased in the execution of decrees.		
6. Suspense		
Total ...		

STATEMENT No II

Liabilities	At the end of the year	At the beginning of the year
	Rs. a. p.	Rs, a. p.
1. Deposits—		
(*a*) Members—		
(i) Fixed deposits		
(ii) Provident deposits		
(iii) Savings deposits		
(iv) Current do		
(*b*) Non-members—		
(i) Fixed deposits		
(ii) Provident deposits		
(iii) Savings do		
(iv) Current do		
2. Loans—		
a) Apex Bank—		
Short term		
Long term		
(*b*) Government		
3. Share capital paid up		
4. Interest due to Bank and Government ...		
5. Establishment and contingent charges due ...		
6. Other items with details		
7. Undisbursed profits of previous year's dividend, honorarium and bonus.		
8. Charity fund		
Dividend equilisation fund		
9. Reserve fund—		
Separately invested		
Yet to be invested		
10. Total liabilities		
11. Net difference between assets and liabilities ...		

I have examined the above Balance Sheet with the books and accounts of the society and have obtained all the information and explanations required. In my opinion, the above Balance Sheet exhibits a true and correct view of the state of affairs of the society as on 30th June 193 , according to the best of my inormation and explanations given to me and as shown by the books of the Society.

STATEMENT No. III.

Trading Account Form.

	Rs. a. p.		Rs. a. p.
(1) To stock at the opening day		(1) By sales less returns ...	
(2) Purchases less returns at cost price.		(2) Closing Stock on hand (at Market or cost price whichever is less).	
		(3)	
		(4)	
		(5)	
Gross Profit			
Total ...		Total ...	

Profit and Loss.

Profits	At the end of the year	At the beginning of the year
	Rs. a. p.	Rs. a. p.
Interest earned—		
(*a*) Realised		
(*b*) Interest accrued but not realised		
Miscellaneous in details		
(1)		
(2)		
(3)		
(4)		
(5)		
Total ...		

Profit and Loss—*concld.*

Loss	At the end of the year	At the beginning of the year
	Rs. a. p.	Rs. a. p.
1. Interest paid and due		
(*a*) Paid		
Add :—		
(*b*) Interest pending payment		
Total ...		
(*c*) Deduct interest pending payment at the end of the previous year.		
(*d*) Net amount		
2. Establishment and contingent charges		
(i) paid		
(ii) due		
3. Assets written off as bad debts		
4. Depreciation		
5. Miscellaneous with details—		
(1)		
(2)		
(3)		
(4)		
(5)		
Total ...		
6. Net profit (plus) or loss (minus)		

D. C. B. Statement of Assets and Liabilities.

Major head	Items	Amount
		Rs.
I. Share capital due by members.	1. Amount recoverable during the year with arrears of perevious years.	
	2. Amount recovered ..	
	3. Balance of share calls in arrears ..	
		Short term. Rs. a. / Long term. Rs. a.
II. Deposits due by the society.	1. Amount payable during the current year with arrears of previous years.	
	2. Repaid during the year ..	
	3. Balance pending payment ..	
III. Loans due by the society.	(i) To the Apex Bank—	
	(a) Amount payable during the year with the arrears of previous years.	
	(b) Amount for which extension was obtained.	
	(c) Amount paid during the year ..	
	(d) Balance overdue ..	
	(ii) To Government—	
	(a) }	
	(b) }	
	(c) } as in III (I)	
	(d) }	
IV. Interest due by the society.	1. Accrued and falling due during the year with the arrears.	
	2. Amount paid during the year ..	
	3. Balance ..	
		Short term. / Long term.
V. Loans due to the society from members and societies.	1. Amount that fell due during the year with the arrears of previous years.	
	2. Amount recovered during the year ..	
	3. Amount written off during the year ..	
	4. Advance collections, if any ..	
	5. Balance overdue ..	
VI. Interest due to the society from members and societies.	1. Amount accrued and falling due during the year with the arrears of previous years.	
	2. Amount recovered during the year ..	
	3. Amount written off during the year ..	
	4. Advance and excess collections ..	
	5. Balance overdue ..	

N. B.—Note the percentage of collections (v) (2) to demand V (1) to enable a proper classification of the society

SCHEDULE A.

1	2	3	4	5	6	
Name of Creditor	Amount borrowed	Date of borrowing	Terms of re-payment	Amount repaid so far	Balance out-standing	overdue on the date of audit, towards Pr. Int

SCHEDULE B.

Disputes and Decisions.

Disputes filed	Number	Amount of claim	Date of filing
Disposals	Number	Amount of decision	Date of decision
Pendency	Number	Amount	Period of pendency

.

per er	Purchase price

etails.

mount now due	Remarks

ings.

e as per gister	Purchase price

h details.

Amount now due	Remarks

SCHEDULE C.

Properties purchased in Execution Proceedings.

Date of purchase	Number of properties	Original value as per Property Register	Purchase price

SCHEDULE D.

(1) Cases irrecoverable and their amount with details.

·ial o	Name of borrower	Date of loan and amount	Security	Amount now due	Remarks

(2) Cases that are bad and doubtful and their amount with details.

Serial No.	Name of borrower	Date of loan and amount	Security	Amount now due	Remark

SCHEDULE E.

Overdue Statement of Loans.

Total Outstandings. Rs.	Overdues Rs.		No.	Amount
		For six months and under.		
		Over six months, but less than one year.		
		Over one year and less than two years.		
		Over two years and under three years.		
		Covered under disputes.		
		Covered under decisions.		
			No.	Amount.
Directors' loans. Rs.	Overdue Rs.	For six months and under.		
		Over six months, but under one year.		
		Over one year, but under two years.		
		Over two years, but under three years		
		Covered under disputes.		
		Covered under decisions.		

SCHEDULE F.

List of Overdue Loans not sued or decreed.

Name of borrower	Date of loan	Amount of loan issued	Principal		Interest		Action taken by the Committee
			Overdue	Date from which overdue	Overdue	Date from which overdue	
1	2	3	4	5	6	7	8

SCHEDULE G.

List of Disputes filed.

Name	Date of loan	Amount	Balance		Date of Dispute	No. of Dispute	Nature of Disposal
			Pr.	Int.			

SCHEDULE II.

List of Decisions.

Name	Date of loan	Amount	Balance		Date of Dispute	Dispute Number	Date of Decree	Terms	Stage of Execution	Remarks
			Pr.	Int.						

Assets and Liabilities of Individual Members.

Name of Member.....

Assets.	*Liab*
1 Share Rs	1. Short terms lo
2. Current Deposit.	2. Instalment loan.
3. Fixed Deposit.	3. Immoveable property loan.
4. Savings Deposit.	

WD 0944—GPB—3,500 Lks. of 28 pp. each—13-1-37

ಮೈಸೂರು ಗೌರ್ನಮೆಂಟು ಕೋ-ಆಪರೇಟೆವ್ ಸೊಸೈಟಿಗಳ ರಿಜಿಸ್ಟ್ರಾರ್ರವರ ಆಫೀಸಿನಿಂದ

ದಿನಾಂಕ 23 ನೇ 1-3-37.

ಇವರಿಗೆ ಶ್ರೀಯುತರು ಕಾರ್ಯನಿರ್ವಹಣಾಧಿಕಾರಿಗಳು

ಸಹಕಾರಿ ಸಂಘಗಳು

ಮೈಸೂರು

ಸಹಕಾರಿ ಸಂಘಗಳ ಕಾಯಿದೆ ೧೯೩೫ ರ ಕಲಂ ೨೩ ರ ಪ್ರಕಾರ ಸಂಘಗಳ ನೋಂದಣಿ

ಮಹಾಶಯರೆ,

ನಿಮ್ಮ ಮನವಿಯನ್ನು ಪರಿಶೀಲಿಸಿ ಸಂಘವನ್ನು ನೋಂದಾಯಿಸಲು ಅನುಮತಿ ಕೊಡಲಾಗಿದೆ. ಸಂಘದ ನಿಯಮಗಳಿಗೆ ಮಾಡಿರುವ ತಿದ್ದುಪಡಿಗಳನ್ನು ಒಪ್ಪಲಾಗಿದೆ. ಸಂಘದ ಹೆಸರು, ಕೆಲಸ ಮಾಡುವ ಸ್ಥಳ, ಮತ್ತು ಸಂಘದ ಕೆಲಸದ ವ್ಯಾಪ್ತಿಯನ್ನು ಕೆಳಗೆ ಕೊಟ್ಟಿದೆ. ಸಂಘದ ಕೆಲಸ ಕಾರ್ಯಗಳನ್ನು ಸಹಕಾರಿ ಸಂಘಗಳ ಕಾಯಿದೆ ಮತ್ತು ಅದರ ನಿಯಮಗಳಿಗೆ ಅನುಸಾರವಾಗಿ ನಡೆಸಬೇಕೆಂದು ತಮಗೆ ತಿಳಿಸಿದೆ.

ಸಂಘದ ಹೆಸರು: ಶ್ರೀ ಚಾಮುಂಡೇಶ್ವರಿ ಸಹಕಾರಿ ಸಂಘ ನಿಯಮಿತ

ಸಂಘದ ಕೆಲಸ ನಡೆಯುವ ಸ್ಥಳ: ಮೈಸೂರು

ಸಂಘದ ಕೆಲಸದ ವ್ಯಾಪ್ತಿ: ಮೈಸೂರು ಜಿಲ್ಲೆ

ಸಂಘದ ಕೆಲಸ ಕಾರ್ಯಗಳು: ಸಾಲ ಕೊಡುವುದು

ಸಂಘದ ಮೊದಲ ಸಾಮಾನ್ಯ ಸಭೆಯನ್ನು ಕರೆಯಲು ಅನುಮತಿ ಕೊಡಲಾಗಿದೆ.

ಆಜ್ಞೆಯಂತೆ

Registrar

ಇ/ಕೆ 1-3.

GOVERNMENT OF MYSORE

No. 7199 C.S.

DEPARTMENT OF CO-OPERATION,

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,

Telegraphic Address: "CO-OPERT" BANGALORE

Dated, Bangalore 3rd March 193 7.

From

GULAM MOHIYUDDIN MEHKRI, ESQ., B.A., LL.B.,
Registrar of Co-operative Societies in Mysore,
Bangalore.

To

The Registrar of the Mysore University,
MYSORE.

Sir,

I have the honour to state that the Committee on Co-operation in Mysore have recommended, that 'Co-operation' should be made a subject of study and form part of Economics in the degree course, and to request to be informed, whether the subject is not already included in the University Course.

I have the honour to be,
Sir,
Your most obedient servant,

Sd.- K.Subba Rao,
For Registrar.

L.S.3/3.

****

" Copy "

K. Subba Rao
For Registrar.

GOVERNMENT OF MYSORE. 12

N 7203 C.S.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE,

Telegraphic Address: "CO-OPERT" BANGALORE

Dated, Bangalore 3rd March *193* 7.

From

GULAM MOHIYUDDIN MEHKRI, ESQ., B.A., LL.B.,
Registrar of Co-operative Societies in Mysore,
Bangalore.

To

The Director of Public Instruction
in Mysore, Bangalore.

Sir,

I have the honour to state that the Committee on Co-operation in Mysore have suggested that Co-operation should be introduced as a subject for study in High Schools as part of civics and lessons illustrative of the benefits of Co-operation included in the Text Books in Middle School and to request, that if you agree with the recommendation of the Committee, necessary action may kindly be taken in the matter.

I have the honour to be,
Sir,
Your most obedient servant,

Sd.- M.G.Mehkri,
Registrar.

****
" Copy "

L.S.3/3.

for Registrar.

7937

No. C.S.

GOVERNMENT OF MYSORE

1 - APR. 1937

DEPARTMENT OF CO-OPERATION

DEVELOPMENT BRANCH.

Telegraphic Address:
"CO-OPERT"
BANGALORE

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE,

Dated, Bangalore, 31st March *1937.*

C.S. 11-36-91 D. 4.4.37

From

GULAM MOHIYUDDIN MEHKRI, ESQ., B.A., LL.B.,
Registrar of Co-operative Societies in Mysore,
Bangalore.

GENERAL SECRETARIAT
31 MAR. 1937

To V. Vedavyasacharya, Esq., B.A.,
General Secretary to the Government
of Mysore, Bangalore.

Sir,

In continuation of my letter No.7204 dated 4th March 1937 forwarding my views on the recommendations made by the Mysore Co-operative Enquiry Committee - 1936 in Chapter IX of their Report and enclosing copy of my letter No.7199 dated 3rd March 1937 addressed to the Registrar of the Mysore University enquiring whether 'Co-operation' is a subject of study in the degree course, I have the honour to state that the Registrar of the University of Mysore in his letter No.20721 dated 13th March 1937 intimates that "Rural Economics and Co-operation" is a subject of study in Economics for the B.A.Honours Degree Examination.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

L.S.30/3.

984

CHAPTER IX.

of audit and functions of auditor.	Noted.
2. Form of audit report.	Action has been taken by the Registrar.
3. Publication of audit reports.	Action has been taken by the Registrar.

CHAPTER IX.

1. Scope of audit and functions of auditor.	Noted.
2. Form of audit report.	Action has been taken by the Registrar.
3. Publication of audit reports.	Action has been taken by the Registrar.

4 Half-yearly audits.	Noted.
5 Audit agency.	The proposals made by the Registrar in this behalf are under consideration.
6. Audit on behalf of Societies.	Noted.
7. Concurrent Internal Audit.	It is understood that many large societies have an arrangement of the kind suggested by the committee. Action may be taken to extend the system to all institutions which can affor it.
8. Audit unions.	Noted.
Supervision.	Noted. The Registrar is making proposals for improving the arrangements for supervision.
10. The case of Central and urban institutions.	Noted. Government understand that there is no occasion for any difference between the department and any urban society.
11. The case of rural societies.	Seems to be a matter for consideration as more non-official agencies become available.
12. Non-official supervision through local associations.	The suggestion may be referred to the Provincial Co-operative Institute and their views obtained.
13. Inspection	Accepted.
14. Resolutions against misconduct	The summary is interesting. Action more or less on the lines indicated is already taken ~~in~~ at present

giving clear instructions as to the precautions that may be taken to ensure regularity in transactions. As regards enforcement of responsibility on persons who have been negligent, action similar to item No.26 Chapter VI. may be taken.

15. 16 and 17. Education and Training. Need for a central school. Cost.

The Registrar has made certain proposals which are under consideration.

43. Teaching of co-operation-

Co-operation is part of the study of the curriculum under Economics in the University. The suggestion that it should be included in the curricula for lower stages of education will be referred to the Department of Public Instruction. There is already an examination under the Co-operative Societies Regulation and the Rules and Book-keeping. It does not seem immediately necessary to widen the scope of this examination.

The Fourth All India Co-operative Conference, B a n g a l o r e.
held on 3rd & 4th July 1937.

Resolutions passed.

1. This Conference resolves to request the Government of India to so amend the Indian Income-Tax Act as to exempt from ~~Income~~ Income-Tax and Super Tax the incomes derived by co-operative societies from (a) investment of their own reserve funds in Government securities; (b) investment in Government securities for purposes of fluid resource to be maintained on a prescribed scale, under statutory obligation, in force in each province.

2. This Conference does not agree with the view that the provincial Banks will not command confidence of the investing public, by their Boards being largely composed of borrowers. The constitution of Apex Banks is in accordance with sound principles of co-operation and they do command in abundance the confidence of the public.

3. This Conference is of the opinion that the statement made by the Reserve Bank that the margin between the lending rate and the borrowing rate of co-operative Banks is low and the rates should be raised, is not generally correct. The margin of profit depends mainly upon the borrowing rates, lending rates, cost of management, etc.

While conceding that these factors depend upon local conditions and circumstances, this conference places on record its considered opinion that the aim of co-operative societies should be to make credit as cheap as possible and the existing rates of interest should not be raised, except when by local conditions it is considered absolutely necessary.

4. This Conference considers it undesirable to provide any representation to depositors, as such, on boards of Provincial Banks, whether by nomination or other means.

5. This Conference while agreeding with the view that long term credit should be provided only through Land-mortgage Banks is not in favour of the recommendation that loans from Central Banks and societies should be strictly confined to cultivation finance only.

Other necessary forms of short and intermediate credit required by members should also be found in order to prevent them from resorting to money-lenders. Provided however, that the deposits and borrowings of the banks should be so regulated as to permit such loans being granted from those sources.

6. This Conference, whole recognising the necessity of bringing down the level of the debts of members where there is no reasonable prospect of their recovery in full even if long extensions are given, does not consider it desirable that any hard and fast rules should be laid down for all banks and in all areas. With the rise in prices and other favourable conditions the position may change as it has done already in certain areas; and it must be left to the Banks and societies to deal with the problem according to local conditions.

7. This Conference, while agreeing with the proposal that a statutory fixed or agricultural charge upon produce should be created, does not favour any special provision for sending to prison of members who dispose of their produce without repaying the societies' dues.

12. This Conference favours the free and compulsory licensing and registration of all money-lenders, requiring them to maintain regular and standardised accounts and fixing the maximum rates of interest allowable on agricultural loans.

13. Societies for members of depressed classes who are employed in Municipalities and in trades like skins and hides be encouraged and strengthened.

14. This Conference requests the co-operative institutions to popularise the movement among women and enlist them as members in large numbers in all types of societies.

15. Government of every Province and State be requested to give liberal and substantial financial help to the Provincial Co-operative Institutes and Land-mortgage Banks out of the Provincial or State Revenues.

16. This Conference requests the Government to take suitable steps so that co-operative societies holding shares in the Reserve Bank of India should be permitted to nominate by a duly authenticated resolution of the committee any member of the society as a representative to attend and vote at general body meetings of the Reserve Bank.

17. This Conference is of opinion that it is essential that the officer selected for the post of the Registrar should first have undergone special training and have shown by experienc

experience his fitness for the work. He should be allowed to visit other Provinces of India as well as Europe to study the co-operative movement there. There should be an officer under training to succeed the Registrar.

18. This Conference requests the Governments to make statutory provision for notice in writing of not less than thirty days being given to a co-operative society before any suit is filed against it.

19. This Conference is of opinion that the recommendation of the Mysore Co-operative Enquiry Committee prohibiting grant of loans to non-member depositors on the security of their deposits is unsound. The Bank must have discretion in granting such loans.

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

READ:-

Letters No.7204 dated 3rd March 1937 and 7937 dated 31st March 1937 from the Registrar of Co-operative Societies forwarding his opinion on the several recommendations made by the Committee on Co-operation in Chapter IX of their Report on the regulative functions of Co-operative Societies.

- - - -

ORDER NO. D9339-41/C.S. 11-36-266

Dated, 17.6.38

In Chapter IX of the Report, which deals with the audit, supervision and inspection of Co-operative Societies, the Committee has suggested several measures for preventing irregularities and misconduct on the part of the officers of Co-operative Societies, and urged the necessity for the proper education and training of the people as well as of

office bearers in the methods of co-operation.

The recommendations of the Committee, and the orders of Government thereon are noted below:-

Scope of audit and functions of Auditors and the form of Audit Report:-

Audit, whether conducted through departmental officers or through outside auditors, should extend somewhat beyond the bare requirements of the Regulation, and embrace an enquiry into all the circumstances which determine a society's general position.

The auditor must satisfy himself that the books contain a proper record of the transactions entered into. He should make a searching examination of the accounts with the vouchers and the authority for each item of expenditure examined. The auditor must test the transactions exhaustively; and should his report disclose anything irregular, steps must be taken to have a complete audit made.

A form of audit report should be

The form of audit report prescribed for use of departmental Inspectors is sufficiently exhaustive. With certain slight modifications this form may well be used by certified auditors also. Government agree with the Committee in its general observations on the scope and functions of audit.

prescribed, both for the departmental Inspector -Auditors and for the non-departmental certified auditors. The form prescribed should indicate the points on which enquiry should be made and the details to be furnished.

Publication of the Audit Report:-

Audit notes should not be treated as confidential. The auditor's report should be included in the annual report and placed before the general meeting. Central financing institutions should receive free of charge copies of audit reports of all societies indebted to them. They should also have facilities for making such further enquiry as they may consider necessary to safeguard their own financial interests.

A circular has been issued by the Registrar of Co-operative Societies that the audit reports of the societies indebted to the Central Financing Institutions should be furnished to the latter every year. The Registrar states that as a general rule audit reports are published along with the annual reports and that a few big institutions which have not followed this practice will be required to place a copy of the audit report on the table for the information of members and depositors.

Half-yearly reports:

To avoid delay in departmental audit reports, audit should be divided into two parts, preliminary and final; and societies must be visited for preliminary and final audit at intervals of six months.

In urban societies with large transactions the reports of auditors may with advantage be prepared once every half year and considered at general meetings held every half year. This will also allow of annual meetings being held much earlier than at present.

It is reported that though the audit report may be prepared half yearly, it may not be possible to hold general meetings twice a year to consider such reports. Government however note the recommendation.

Audit agency and audit on behalf of societies.:-

Since the law vests in Government the undivided responsibility for audit, the control of audit as a whole and of the paid staff therefor must be with the Registrar.

The accounts of societies having a working capital of Rs.5,000/- and above should be audited through certified auditors authorised by the Registrar after consultation with the society concerned.

The Registrar should fix the remuneration of the auditors selected on a sliding scale based on the transactions, working capital and net profits of each society. Each auditor will be assigned a certain number of societies. It is desirable that the same person should not audit a society's accounts for more than two years consecutively.

Separate orders have been issued in Government Orders No.D.2849/C.S.11-36-181 dated 8th October 1937 and No.D.8665/C.S.11-36-260 dated 17th May 1938 and in Notification No.D.8211/C.S.11-36-255 dated 25th April 1938 on the recommendations of the Committee.

The societies so audited should be required to make contribution towards the cost according to a scale recommended.

No alteration is required in the arrangement by which a few of the large rural societies are having their accounts audited in detail by competent local auditors and accountants.

Banks and societies must pay the cost of their own separate audits.

Concurrent internal audit:-

Over and above the audit made by the departmental staff or by an external auditor, every society large or small should make arrangements for a continuous daily, or at least weekly, internal audit of the accounts, by the Committee, or by one or more of its members deputed for the purpose. Where a society can afford it, a separate audit clerk should be appointed, who will work directly under, and be responsible to, the President for the checking and auditing of the accounts of the daily transactions.

It is understood that many large societies have an arrangement of the kind suggested by the Committee. The Registrar should see that action is taken to extend the system to all institutions which can afford to adopt it.

Audit Unions:-

A scheme for the formation of Audit Unions while it may make for uniformity in the system of audit and provide for co-ordination of the closely allied functions of audit and supervision - is not at present practicable in the absence of a strong and efficient co-ordinating Institute at the Centre.

Government agree in this view.

Supervision of Central and Urban Institutions and rural Societies:-

The present arrangements for supervision are unsatisfactory and defective, especially in the case of rural societies.

The powers of control now vested in the Registrar are sufficient for all practical purposes, and do not require to be amplified. It is in the scope for the exercise of these powers that some discrimination seems to be required. So far as urban societies are concerned, barring gross and exceptional cases of mismanagement or financial breakdown, there should be little occasion for interference on the part of departmental officers beyond the discharge of their ordinary functions of audit and inspection. Any advice required of them will be technical rather than administrative. In fact, in the case of the Central Institutions and of the well-established urban banks, interference should be exceptional; and in every case where this is found necessary a report of the circumstances should invariably be made to Government for information with a copy of any representation submitted by the institution concerned.

In the case of rural societies, the supervision that is required has to come largely from departmental officers. But even here, the ultimate aim should be to entrust the work of supervision as far as possible to non-official agency where this is available, preferably to persons chosen by the societies themselves. either individually or in groups or federations.

The suggestions of the Committee in this matter are noted. Government, however, understand that there is very little occasion for difference of opinion between the department and the urban societies. The suggestion of the Committee in regard to rural societies will be taken up for consideration when more non-official agencies become available.

Non-official supervision through local association: -

scheme of non-official supervision is more likely to succeed if associated with the work of propaganda and advice than if it were based on the idea of superior status and outside control. In order to achieve this object, it is recommended that active steps be taken to form local associations representative of the co-operative societies in every District. If the Provincial Co-operative Institute is reconstituted and placed on an efficient footing, these local associations may well function as branches of the Institute.

The suggestion may be referred to the Mysore Provincial Co-operative Institute for consideration.

Inspection:-

It is in the interests of sound management to have the constitution, working and financial condition of societies thoroughly overhauled at regular intervals of not less than five years. It is particularly desirable that a periodical inspection of each Central financing bank should be made by the Registrar.

Every Inspector is expected to inspect and audit the accounts of the societies in his Circle once a quarter and this is being done in the case of most of the working societies. The Registrar and the Deputy Registrar inspect once a year the Central Financing Institutions. The Financing Bank Inspectors also inspect and report to their Banks, the results of their inspections of some of the indebted societies.

Precautions against misconduct etc.:

The adoption of the various precautionary measures against frauds and irregularities is suggested.

Action more or less on the lines of the recommendations is already being taken at present by the Department.

The question of enforcing the responsibility of past office bearers for all defalcations and losses traceable to their negligence or indifference during the course of their tenure of office is separately under consideration and it is proposed to introduce necessary legislation to give effect to the recommendation.

Education in Co-operation. Need for a central school and cost:

Any serious attempt at the improvement of co-operative societies must include a proper organization for giving suitable training, as well to the office-bearers of societies, as to the Inspectors, Auditors and Assistant Registrars of the Co-operative Department. The present arrangements for instruction and training are inadequate. There is a real necessity for the establishment of a Central Co-operative School at Bangalore Its control must necessarily vest in Government

but may be exercised through the agency of a small Committee nominated by Government and including non-official representatives of the Co-operative movement as well as the heads of the Departments of Finance, Agriculture, Industries and Co-operation. Detailed suggestions are made regarding courses, subjects of study, examinations, appointment of qualified persons, etc. Occasional classesfor short periods may be held in District headquarters and in Normal Schools.

The cost of the Central Co-operative School and of the occasional classes will have to be met partly (and in the earlier years for the larger part) by a Government grant, and partly by a contribution from societies not exceeding five per cent of their net profits, according to resources.

The Registrar has submitted proposals for opening a Central School for teaching the principles of co-operation. This question is separately under consideration.

Teaching of Co-operation in Schools and Colleges.

Co-operation may be dealt with as part of Civics in High Schools, and lessons illustrative of its benefits included in the text books in Middle Schools. The subject should have a more prominent place in the teaching of Economics in Colleges as well as in the University curriculum. Co-operative Law, Finance and Practice should be included among the subjects for Local Service and Pleaders' Examinations, and an examination in that subject made compulsory for certified auditors.

The views of the Committee have been communicated by the Registrar to the Director of Public Instruction and the Registrar, Mysore University.

4/6

Secry. to Govt. L.S.G. Dept.

3/6

To The Registrar of C.S. in Mysore.
The Registrar of J.S. Companies.
The Director of Public Instruction.

App. F VI G 10.

PB 47/37-38

Government of His Highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS

G. O. No. D 9339-41/bs 11-36-266 DATED 17-6-38

May this be

i. printed ? Yes

ii. treated as a standing order ? Yes

iii. published in the Gazette English Part ? Yes

iv. translated ?

v. placed at the disposal of the press ? } No

iv. published in the Gazette Kannada Part ? }

16/4/7

Report of the committee on Cooperation

Passes orders on Chapter IX of the ——— on the regulative trustees of Cooperative Societies

HB 4/7/38

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

GENERAL AND REVENUE DEPARTMENTS.-

G. O. No. D. 9339-41—C. S. 11-36-266, dated 17th June 1938.

Report of the Committee on Co-operation in Mysore.

Passes orders on Chapter IX of the —— on the regulative functions of Co-operative Societies.

READ—

Letters No. 7204, dated 3rd March 1937, and No. 7937, dated 31st March 1937, from the Registrar of Co-operative Societies, forwarding his opinion on the several recommendations made by the Committee on Co-operation in Chapter IX of their Report on the regulative functions of Co-operative Societies.

ORDER No. D. 9339-41—C. S. 11-36-266, BANGALORE, DATED THE 17TH JUNE 1938.

In Chapter IX of the Report, which deals with the audit, supervision and inspection of Co-operative Societies, the Committee has suggested several measures for preventing irregularities and misconduct on the part of the officers of Co-operative Societies, and urged the necessity for the proper education and training of the people as well as of office-bearers in the methods of co-operation.

The recommendations of the Committee and the orders of the Government thereon are noted below:—

RECOMMENDATIONS.	ORDERS.
1. *Scope of audit and functions of auditors and the form of audit report.*	
Audit, whether conducted through departmental officers or through outside auditors, should extend somewhat beyond the bare requirements of the Regulation and embrace an enquiry into all the circumstances which determine a society's general position. The auditor must satisfy himself that the books contain a proper record of the transactions entered into. He should make a searching examination of the accounts with the vouchers and the authority for each item of expenditure examined. The auditor must test the transactions exhaustively; and should his report disclose anything irregular, steps must be taken to have a complete audit made. A form of audit report should be prescribed, both for the departmental Inspector-auditors and for the non-departmental certified auditors. The form prescribed should indicate the points on which enquiry should be made and the details to be furnished.	The form of audit report prescribed for use of departmental inspectors is sufficiently exhaustive. With certain slight modifications this form may well be used by certified auditors also. Government agree with the Committee in its general observations onthe scope and functions of audit.

No. D. 9339-41—C. S. 11-36-266, dated 17th June 1938.

Recommendations.	Orders.
2. *Publication of audit report.*	
Audit note should not be treated as confidential. The auditor's report should be included in the annual report and placed, before the general meeting. Central financing institutions should receive, free of charge, copies of audit reports of all societies indebted to them. They should also have facilities for making such further enquiry as they may consider necessary to safeguard their own financial interests.	A circular has been issued by the Registrar of Co-operative Societies that the audit reports of the societies indebted to the central financing institutions should be furnished to the latter every year. The Registrar states that as a general rule, audit reports are published along with the annual reports and that a few big institutions which have not followed this practice will be required to place a copy of the audit report on the table for the information of members and depositors.
3. *Half-yearly reports.*	
To avoid delay in departmental audit reports, audit should be divided into two parts, preliminary and final; and societies must be visited for preliminary and final audit at intervals of six months. In urban societies with large transactions, the reports of auditors may with advantage be prepared once every half year and considered at general meetings held every half year. This will also allow of annual meetings being held much earlier than at present.	It is reported that though the audit report may be prepared half-yearly, it may not be possible to hold general meetings twice a year to consider such reports. Government however note the recommendation.
4. *Audit agency and audit on behalf of societies.*	
Since the law vests in Government, the undivided responsibility for audit, the control of audit as a whole and of the paid staff therefor must be with the Registrar. The accounts of societies having a working capital of Rs. 5,000 and above should be audited through certified auditors authorised by the Registrar after consultation with the society concerned. The Registrar should fix the remuneration of the auditors selected on a sliding scale based on the transactions, working capital and net profits of each society. Each auditor will be assigned a certain number of societies. It is desirable that the same person should not audit a society's accounts for more than two years consecutively. The societies so audited should be required to make contribution towards the cost according to a scale recommended. No alteration is required in the arrangement by which a few of the large rural societies are having their accounts audited in detail by competent local auditors and accountants. Banks and societies must pay the cost of their own separate audits.	Separate orders have been issued in Government Orders No. D. 2849—C. S. 11-36-181, dated 8th October 1937 and No. D. 8665—C. S. 11-36-260, dated 17th May 1938 and in Notification No. D. 8211—C. S. 11-36-255, dated 25th April 1938, on the recommendations of the Committee.

No. D. 9339-41—C. S. 11-36-266, DATED 17TH JUNE 1938.

RECOMMENDATIONS.	ORDERS.
5. *Concurrent internal audit.*	
Over and above the audit made by departmental staff or by an external auditor, every society, large or small, should make arrangements for a continuous daily or at least weekly internal audit of the accounts by the Committee, or by one or more of its members deputed for the purpose. Where a society can afford it, a separate audit clerk should be appointed, who will work directly under, and be responsible to, the President for the checking and auditing of the accounts of the daily transactions.	It is understood that many large societies have an arrangement of the kind suggested by the Committee. The Registrar should see that action is taken to extend the system to all institutions which can afford to adopt it.
6. *Audit Unions.*	
A scheme for the formation of Audit Unions—while it may make for uniformity in the system of audit and provide for co-ordination of the closely allied functions of audit and supervision—is not at present practicable in the absence of a strong and efficient co-ordinating institute at the centre.	Government agree in this view.
7. *Supervision of central and urban institutions and rural societies.*	
The present arrangements for supervision are unsatisfactory and defective, especially in the case of rural societies. The powers of control now vested in the Registrar are sufficient for all practical purposes, and do not require to be amplified. It is in the scope for the exercise of these powers that some discrimination seems to be required. So far as urban societies are concerned, barring gross and exceptional cases of mismanagement or financial breakdown, there should be little occasion for interference on the part of departmental officers beyond the discharge of their ordinary functions of audit and inspection. Any advice required of them will be technical rather than administrative. In fact, in the case of the central institutions and of the well-established urban banks, interference should be exceptional; and in every case where this is found necessary, a report of the circumstances should invariably be made to Government for information with a copy of any representation submitted by the institution concerned. In the case of rural societies, the supervision that is required has to come largely from departmental officers. But even	The suggestions of the Committee in this matter are noted. Government, however, understand that there is very little occasion for difference of opinion between the department and the urban societies. The suggestion of the Committee in regard to rural societies will be taken up for consideration when more non-official agencies become available.

No. D. 9339-41—C. S. 11-36-266, DATED 17TH JUNE 1938.

RECOMMENDATIONS.	ORDERS.
here, the ultimate aim should be to entrust the work of supervision as far as possible to non-official agency where this is available, preferably to persons chosen by the societies themselves, either individually or in groups or federations.	
8. *Non-official supervision through local association.*	
A scheme of non-official supervision is more likely to succeed if associated with the work of propaganda and advice than if it were based on the idea of superior status and outside control. In order to achieve this object, it is recommended that active steps be taken to form local associations representative of co-operative societies in every district. If the Provincial Co-operative Institute is reconstituted and placed on an efficient footing, these local associations may well function as branches of the institute.	The suggestion may be referred to the Mysore Provincial Co-operative Institute for consideration.
9. *Inspection.*	
It is in the interests of sound management to have the constitution, working and financial condition of societies thoroughly overhauled at regular intervals of not less than five years. It is particularly desirable that a periodical inspection of each central financing bank should be made by the Registrar.	Every inspector is expected to inspect and audit the accounts of the societies in his circle once a quarter and this is being done in the case of most of the working societies. The Registrar and the Deputy Registrar inspect once a year the central financing institutions. The financing bank inspectors also inspect and report to their banks, the results of their inspections of some of the indebted societies.
10. *Precautions against misconduct, etc.*	
The adoption of the various precautionary measures against frauds and irregularities is suggested.	Action, more or less on the lines of the recommendations, is already being taken at present by the department. The question of enforcing the responsibility of past office bearers for all defalcations and losses traceable to their negligence or indifference during the course of their tenure of office is separately under consideration and it is proposed to introduce necessary legislation to give effect to the recommendation.
11. *Education in Co-operation. Need for a central school and cost.*	
Any serious attempt at the improvement of co-operative societies must include a proper organisation for giving suitable training as well to the office-bearers of societies as to the Inspectors, Auditors and Assistant Registrars of the Co-operative Department. The present arrangements for instruction and training are inadequate.	The Registrar has submitted proposals for opening a central school for teaching the principles of co-operation. This question is separately under consideration.

No. D. 9339-41—C. S. 11-36-266, DATED

RECOMMENDATIONS.

There is a real necessity for the establishment of a Central Co-operative School at Bangalore. Its control must necessarily vest in Government but may be exercised through the agency of a small committee nominated by Government and including non-official representatives of the co-operative movement as the Heads of the Departments of Finance, Agriculture, Industries and Co-operation. Detailed suggestions are made regarding courses, subjects of study, examinations appointment of qualified persons, etc. Occasional classes for short periods may be held in District Headquarters and in Normal Schools.

The cost of the Central Co-operative School and of the occasional classes will have to be met partly (and in the earlier years for the larger part) by a Government grant, and partly by a contribution from societies not exceeding five per cent of their net profits, according to resources.

12. *Teaching of Co-operation in schools and colleges.*

Co-operation may be dealt with as part of Civics in High Schools, and lessons illustrative of its benefits included in the text books in Middle Schools. The subject should have a more prominent place in the teaching of Economics in Colleges as well as in the University curriculum. Co-operative Law, Finance and Practice should be included among the subjects for Local Service and Pleaders' Examinations, and an examination in that subject made compulsory for certified auditors.

The views of the Committee have been communicated by the Registrar to the Director of Public Instruction and the Registrar, Mysore University.

P. H. KRISHNA RAO,
Secretary to Government,
Local Self-Government Department.

To—The Registrar of Co-operative Societies in Mysore.
The Registrar of Joint-Stock Companies in Mysore.
The Director of Public Instruction in Mysore.

Exd.—C. K.

WD 66—GBP -470 -12-7-38

Appendix F G—1]

37

SUBJECT .....

.....

.....

Section 6(f)

File No. 11-36

Serial No. 273.

Diary No. of letter replied to .....

General and Revenue Secretariat

( )

the *193* .

Date of issue 7.7.38.

Signed by .....

Dept Do Letter to above

Issue 11(5)/4/7

TYPING SECTION 1938

List of enclosures .....

Copied by .....

Examined by .....

No. D 117 encl-1

Dear Sir,

I am desired to forward herewith for information a copy of G.O. No D 9339-41/6f 11-36-266 dated the 17th June 38 passing orders on chapter IX of the Report of the Committee on Cooperation in Mysore in the matter of regulative functions of Cooperative Societies

Yours sincerely

11(5)/4/7

To Rajasthanyana Iyengar
Diwan Bahadur
K.S. Chandrasekhara Iyer
Retired Chief Justice of
the Chief Court of Mysore
Bangalore

B.H.B.L

WD 0278—GPB—30,000—4-3-38

GENERAL AND REVENUE SECRETARIAT

Bangalore, Dated, 6th July *1938.*

D. O. No. ಕ 117/ C.S. 11-36-237
Secl — 1.

Dear Sir,

I am desired to forward herewith for information a copy of Government Order No.D.9389-41/C.S.11-36-266 dated the 17th June 1938 passing orders on Chapter IX of the Report of the Committee on Co-operation in Mysore in the matter of regulative functions of Co-operative Societies

Yours sincerely,

166
6.7

To

Rajadharmapravina Dewan Bahadur
K.S. Chandrasekhara Iyer, B.A.,B.L.,
Retired Chief Justice of the
Chief Court of Mysore,
Basavangudi P.O.,
Bangalore City.